

# Item 4.1 - Minutes

## Pensions Committee

**2.00pm, Wednesday 30 September 2015**

### Present

Councillor Rankin (Convener), John Anzani, Councillor Child, Richard Lamont, Councillor Orr and Councillor Rose

### Pensions Board Members Present:

Jim Anderson, Simon Belfer, Thomas Carr-Pollock, Linda McDonald, John Rodgers, Rucelle Soutar and Graham Turnbull.

## 1. Declaration of Interests

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Councillor Orr declared a general non-financial interest as a director (treasurer) of Friends of the Earth Scotland.

John Anzani declared a general non financial interest due to Midlothian Council being on the board of trustees of the National Mining Museum of Scotland with this seat currently held by his service manager.

## 2. Minutes

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### Decision

To approve the minute of the Pensions Committee of 24 June 2015 as a correct record.

## 3. Considerations and matters to be raised by the Pensions Board regarding any items on the agenda

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Issues were raised on the following:

- Earlier date of circulation of papers preferred – the target for papers being circulated was ten days.
- Impact of transformation programme at the City of Edinburgh Council on the Fund and the Pensions Service – The Pensions Service was outwith the transformation programme and would not be affected by the service cuts. The implications of the programme on the Fund had been planned for and there pension strain costs for the employer would apply.

#### **4. Referrals and recommendations from the Pensions Audit Sub-Committee**

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Councillor Rose advised the Committee of the discussion and decisions taken at the Pensions Audit Sub-Committee the previous day.

##### **Decision**

To note the update.

#### **5. Agenda Planning**

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Details were provided of potential reports for future Pensions Committee and Pensions Audit Sub-Committee meetings in December 2015 and March 2016.

##### **Decision**

To note the agenda planning document.

(Reference – report by the Deputy Chief Executive, submitted.)

#### **6. Audited Annual Report 2015 of the Lothian Pension Fund, Lothian Buses Pension Fund and Scottish Homes Pension Fund**

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Audit Scotland had undertaken its statutory audit of the Annual Report 2015 of the three pension funds administered by the City of Edinburgh Council. Only minor presentational changes have been made to the unaudited version. Approval was sought for the annual report and to refer it to the Council for information. The referral to the Council was considered best practice given the Council's statutory role as administering authority of the Lothian Pension Funds.

A representative from Audit Scotland was present for this item.

##### **Decision**

- 1) To approve the audited annual report for the year ended 31 March 2015 for the Lothian Pension Fund, the Lothian Buses Pension Fund and the Scottish Homes Pension Fund.
- 2) To refer the report to Council for information.

(Reference – report by the Deputy Chief Executive, submitted.)

#### **7. Report by the External Auditor on the Annual Report 2015 of Lothian Pension Fund, Lothian Buses Pension Fund and Scottish Homes Pension Fund**

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The External Auditor had presented their annual report on the 2014/15 audit of the Lothian Pension Fund, the Lothian Buses Pension Fund and the Scottish Homes Pension Fund.

A representative from Audit Scotland was present for this item.

### **Decision**

- 1) To approve the Annual Report on the 2014/15 audit of the Lothian Pension Fund, Lothian Buses Pension Fund and Scottish Homes Pension Fund.
- 2) To refer the report to Council for information.

(Reference – report by the Deputy Chief Executive, submitted.)

## **8. Funding Strategy – Employer Appeals**

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### **Decision**

To note that this item had been withdrawn.

(Reference – report by the Deputy Chief Executive, submitted.)

## **9. Employers Participating in Lothian Pension Fund**

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An update was provided on employers who were looking to join the fund, those employers leaving the fund and other matters affecting employers participating in the Fund.

### **Decision**

To note the changes to the employers participating in Lothian Pension Fund.

(Reference – report by the Deputy Chief Executive, submitted.)

## **10. Pension Fund Governance**

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Approval was sought for the appointment of the chair of the Pensions Board, a replacement employer representative for the Audit Sub-Committee and the extension of the current Independent Professional Observer contract.

An update was also provided on the ongoing liability of the Pension Committee and the Pension Board members.

### **Decision**

- 1) To note that Eric Adair would continue as Chair of the Pensions Board until March 2016 and that Simon Belfer would replace Eric Adair as the Board employer representative attending the Audit Sub-Committee.
- 2) To approve the continuation of the Independent Professional Observer's role and the extension of the contract for Sarah Smart for a further two years with the changes to the remit.
- 3) To note the update to the legal advice received regarding the personal liability of Committee and Board members.

(Reference – report by the Deputy Chief Executive, submitted.)

## 11. Service Plan Update

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An update was provided on the progress against the 2015-18 Service Plan, performance indicators and the actions required to enable the Fund to meet its key objectives.

Due to its in-house investment expertise, the Fund had been approached to join a working group to develop a business plan for a pool of internally managed investments.

### Decision

- 1) To note the progress of the Fund against the 2015-2018 Service Plan.
- 2) To note the Fund's involvement in a working group to develop a business plan for a pool of internally managed Local Government Pension Scheme investments.

(Reference – report by the Deputy Chief Executive, submitted.)

## 12. Overpayment of Pension

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Approval was sought not to pursue recovery of an overpayment of pension, which arose on the death of a pensioner, amounting to £16,254.88.

An overview was also provided on how fraud was mitigated for those claiming a pension from abroad.

### Decision

- 1) To not pursue recovery of an overpayment of pension of £16,254.88.
- 2) To provide the Committee and the Pensions Board with the details of the process used by Western Union to prevent fraud.

(Reference – report by the Deputy Chief Executive, submitted.)

## 13. Risk Management Summary

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A summary was provided on the Lothian Pensions Fund's risk management procedures, including details on the operational risk register and quarterly risk overview.

### Decision

To note the Quarterly Risk Overview.

(Reference – report by the Deputy Chief Executive, submitted.)

## **14. Employer Appeals against Funding Strategy, Actuarial Valuation 2014 - Determinations**

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### **Decision**

To note that this item had been withdrawn.

(Reference – report by the Deputy Chief Executive, submitted.)

## **15. Employers Exiting Lothian Pension Fund**

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### **Decision**

To note that this item had been withdrawn.

(Reference – report by the Deputy Chief Executive, submitted.)